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PROBLEMS AND CONSTRAINTS FOR THE IMPLEMENTATION OF THE INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

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I. INTRODUCTION

1. The adoption of the programme for the Industrial Development Decade for Africa has marked the beginning of a new era in the field of industrial development in the African region. The state of industrial underdevelopment had been perpetuated by inadequacy or absence of coherent industrial strategies in most African countries. Most of the industries established in African countries did not fully utilize domestically or subregionally available resources: instead they relied on imported raw materials. The industrial sector does not, in many African countries, meet the demand of the population nor is it adequately integrated into the other sectors of the economy.

2. The origins of the IDDA can be traced to the fifth Conference of Ministers of the Economic Commission for Africa which, following a strong call by member States to declare the period 1980-1990 as the Industrial Development Decade for Africa, adopted a strategy for the African region in which industry was accorded top priority. In 1980 the Lagos Plan of Action which is an embodiment of sectoral policies and strategies also placed industrial development among the top priority sectors. From its conception up to its adoption, individual African countries, African and international institutions agreed that the purpose of the programme for the Decade was to facilitate "focussing greater attention and evoking greater political commitment and financial and technical support at the national, subregional and international levels, for the industrialization of Africa". Support for the programme also came from the thirty-fifth session of the United Nations General Assembly which through resolution 35/668 also proclaimed the 1980s as the Industrial Development Decade for Africa. The General Assembly went further to call upon the United Nations Industrial Development Organization (UNIDO), the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU) to formulate proposals to implement the programme for the Industrial Development Decade for Africa and to monitor its progress.

1. Implementation strategy of the IDDA

3. In designing the programme for the Industrial Development Decade for Africa emphasis placed on removing the identified bottlenecks to industrial development in Africa. Some of the problems faced by African countries in the process of industrialization are, in terms of the inadequacy of articulation of industrial subsectoral strategies, characterized by the lack or insufficiency of industrial subsectoral integration, heavy dependance of African countries on imported equipment, spare parts and inputs whose consequence is a low level of utilization of locally available resources; inadequacy of indigenous managerial and entrepreneurial industrial capabilities; absence of a properly articulated foundation for basic industries; poor industrial planning, inadequate research, engineering and designing and lack of industrial institutional infrastructure. In most cases, there are no clearly defined inter-sectoral relationships to the extent that industry ceases to be a supplier of essential inputs to itself and other sectors and as user or processor of outputs of other sectors. These are some of the problems that the programme for the Industrial Development Decade for Africa seeks to resolve.

(a) National level

4. At national level, African countries were urged and agreed to prepare investment portfolios of identified core industrial projects with a view to facilitating the implementation of the Decade programme. To ensure successful implementation of the identified projects, countries were further urged to examine not only the intrinsic soundness of each project, but also all the circumstances surrounding each project, the whole economic complex of which the project will form a part. This process entailed investigating the project from many aspects such as economic, technical engineering, managerial, organizational, commercial, financial and environmental. In addition to an appraisal of each project by investigating the above aspects, countries were urged to develop a technology programme at the national level to include research and development, standardization and quality control, engineering design and technology adaptation and strengthening of negotiating capabilities for the acquisition of foreign technology.

5. Another important aspect of implementing the Decade programme at the national level, called for a detailed assessment of the financial requirements and the adoption of appropriate approaches for the mobilization of domestic and external financial resources in order to implement investment projects identified. To this end, the establishment of national industrial development banks, where such facilities do not exist, would be encouraged. In all these efforts, ECA, UNIDO, OAU and UNDP would provide technical and financial assistance as the case may be, to the individual countries.

(b) Subregional and regional levels

6. The Economic Commission for Africa, the Organization of African Unity, the United Nations Industrial Development Organization and the United Nations Development Programme as well as other international and African organizations were called upon to provide the necessary assistance to the individual African countries. At the subregional level, these organizations were urged to assist African countries in preparing strategic policies and programmes for facilitating the integration of important industrial branches. They were also charged with the responsibility of identifying major industrial projects of interest to the countries in the subregion as well as assisting member States in establishing or strengthening subregional institutions engaged in the promotion of subregional industrial integration. At the regional level the main assignment that was given to ECA, OAU, UNDP and UNIDO was assistance designed to establish or strengthen regional institutions such as the African Regional Centre for Technology, the African Regional Centre for Engineering Design and Manufacturing, African Regional Organization for Standardization, the African Industrial Development Fund, etc. An information system was to be set up to facilitate the exchange of industrial and technological information among African countries with a view to enabling them to strengthen their bargaining positions and secure better terms for acquiring appropriate technology. In order to promote intra-African co-operation at the regional and subregional levels, national industrial development plans were to be co-ordinated and supplemented by co-operation in specific areas such as subregional or regional industrial training, energy, engineering consultancy, industrial raw materials and inputs, science and technology, natural resources and industrial information.

7. At the international level, African countries felt that it was essential to co-operate with other regions of the world in order to attain their industrial development objectives. The co-operation would facilitate the exchange of industrial information and the implementation of joint technical training programmes.

2. Stages of implementation

8. The sixth Conference of African Ministers of Industry held in November 1981, in adopting the major draft chapters of the programme, also decided that there should be two phases for the implementation of the Decade: the preparatory phase lasting from 1982 to about 1984 and an implementation phase covering the period 1985-1989. To facilitate action at the national level directed at the implementation of the Decade, the Conference concluded that international co-operation should be promoted to include, in particular, technical assistance from ECA, UNDP and UNIDO as well as all other international organizations and greater assistance from international financial institutions to the industrial sector in Africa. The expected outputs during the preparatory phase included the following:

(a) The preparation of a coherent and internally consistent set of national, subregional and regional policies, master plans and programmes as well as designing and providing an institutional machinery to achieve the objectives of the Decade in particular, and the Lagos Plan of Action in general;

(b) The popularization of the Decade programme, including the effective use of the mass media;

(c) The elaboration of investment programmes and projects at the national, subregional and regional levels for submission to financial and investment institutions and a programme for the strengthening of existing national, subregional and regional financial institutions or the establishment of new ones as required;

(d) The preparation of an industrial manpower development plan including, in particular, a programme for the training of Africans in specialized industrial and technological skills, at the national, subregional and regional levels; and

(e) Adoption of policy instruments for fostering intra-African industrial co-operation, especially in the areas of technology, promotion of African industrial specialization and complementarity, assessment of raw materials, project financing, manpower development of entrepreneurial capabilities and energy.

9. At the national level, co-ordinating committees and focal points within the governmental administrative machineries were to be established where they did not already exist, for co-ordinating the formulation, implementation and monitoring of national programmes for the Decade. At the subregional and regional levels, an intergovernmental machinery was to be set up to co-ordinate and initiate actions as well as monitor the implementation of subregional and regional projects for the Decade.

10. The second phase comprises the implementation of industrial projects and other activities identified during the preparatory phase. It encompasses the identification of technical partners, the preparation of joint feasibility studies and mobilization of financial resources from within and outside Africa. The early part of this phase was expected to witness the implementation of promotional activities for the popularization of the Decade. A mid-term review of the implementation of the Decade programme is planned for 1987 and will be followed by a terminal review and evaluation in 1991.

11. The ECA, OAU, UNIDO were charged with the responsibility of organizing biennial meetings of Ministers of Industry in each subregion in order to monitor progress in implementing the programme for the Decade in the subregion. Such meetings were planned for 1983, 1985 and 1987 and were to be organized in conjunction with other meetings convened by subregional organizations and MULPOCs. In order to assist African countries in the implementation of their national and multinational industrial projects, ECA, OAU and UNIDO were to organize consultations in the African subregions involving African technical institutions, industrialists and government officials, investment promotion organizations from semi-industrialized countries and international financial institutions.

12. The secretariats of ECA and UNIDO being the organizations in the United Nations system with various mandates formulated at the international level are jointly responsible for the preparation and implementation of the programme for the Decade. The two secretariats, together with that of the OAU will continue their close co-operation in finalizing and implementing the programme. To this end, a Joint ECA/UNIDO/OAU Committee on the implementation of the programme for the Industrial Development Decade for Africa was established to co-ordinate the activities of the three secretariats as well as to monitor and review progress in the implementation of the programme for the Decade.

3. Purpose and structure of the Report

13. The primary purpose of this note is to assess the implementation of the programme for the Industrial Development Decade for Africa with a view to identifying and highlighting the nature and magnitude of the difficulties encountered in implementing the Decade Programme. The leitmotiv of the report is that, in relation to the magnitude of the bottlenecks to the attainment of the stated targets of the Decade programme, certain corrective measures must be identified and undertaken at the national, subregional, regional and international levels.

14. In chapter II of this report, the objectives of the programme for the Industrial Development Decade for Africa will be briefly re-stated, while Chapter III concentrates on an analysis of the state of industrial development in Africa and an evaluation of the implementation of the preparatory phase 1982-1984 as well as the first two years 1985-1986 of the implementation phase. It is this chapter that will highlight the achievements and failures during the preparatory phase from which remedial measures in the next chapter will be drawn. Both past and future activities of member States, African intergovernmental organizations, ECA and other international organizations will be analysed with a view to identifying shortcomings, facilitating the formulation of policy strategies and soliciting both political and financial commitment at all levels. Chapter IV puts together remedial measures whose adoption and implementation is likely to lead to the attainment of the objectives of the programme for the Decade. The chapter

makes a dichotomy between measures to be undertaken by African countries and African subregional and regional organizations on the one hand and those to be undertaken by the international community including international organizations such as the Economic Commission for Africa on the other.

II. DEVELOPMENT OBJECTIVES OF THE IDDA

15. The main, and indeed broad objective of the programme for the Industrial Development Decade for Africa are, by and large, to promote self-reliant and self-sustaining integrated economic development and social progress at the national, subregional and regional levels with a view to satisfying the needs of the peoples of Africa. When put in this form, it is clear that these broad objectives are only a sectoral and an integral part of much broader objectives of economic development. Because the Decade programme covers not only national industrial policies but also subregional and regional policies, some of its objectives apply only to national issues while others are more relevant to subregional or regional ones. Furthermore, the objectives are time-limited in terms of achievements - thus there are short-, medium- and long-term industrial development objectives.

16. The attainment of the objectives of realizing at the national level and African continental level, self-reliant and self-sustaining industrialization calls for action at two levels - national and subregional or regional. These actions take place in different time periods. At the national level, each country must have as an objective the creation of an industrial structure within the framework of an integrated economy through the establishment of linkages among the various industrial subsectors and close ties between industry and other sectors so as to develop and promote interdependence among them and achieve self-reliant and self-sustaining industrialization. Such a solid national base becomes a solid foundation for subregional and regional industrial co-operation whose objectives would be the maximum utilization of indigenous resources in Africa through institutionalization and intensification of economic - cum - industrial integration schemes.

17. In pursuing medium- and long-term industrial development objectives, the programme for the IDDA identified short-term objectives to be achieved by African countries by 1985 which included the following:

(a) achievement of at least one per cent of world industrial production:

(b) laying the foundation for phased development of basic industries which are essential for self-reliance.

For the purpose of laying a foundation for industrial development, studies were to be undertaken to determine the establishment of those basic industries which would be developed in the short term on a national or subregional basis, and those which could be developed in the long run and require subregional or regional co-operation. The modalities for the establishment of the following basic industries were to be studied:

(a) food and agro-industries;
(b) building industries;
(c) metallurgical industries;
(d) mechanical industries;
(e) electrical and electronic industries;
(f) chemical industries;
(g) forest industries;
(h) energy industry.

18. During the medium-term (1985-1990) the objectives of the Decade programme include attainment of 1.4 per cent of world industrial production and attainment of self-sufficiency in food, building materials, clothing and energy. To attain these sectoral objectives, African countries had to set the following targets for themselves:

(a) Creation of solid bases for self-sustained industrialization at the national and subregional levels;

(b) Production in sufficient quantities of agricultural inputs such as fertilizers, pesticides, agricultural tools and machines;

(c) Production in sufficient quantities of building materials for the construction of decent urban and rural housing for the continent's growing population;

(d) Development of the intermediate and capital goods industries, particularly those intended for other industries and infrastructure building;

(e) On-the-spot processing and upgrading of an increasingly large portion of locally available raw materials;

(f) Satisfaction of industry's energy needs by developing different forms of energy available in the continent; and

(g) Satisfaction of textile requirements.

The long-term objectives up to the year 2000 include the attainment of a target of 2 per cent of world industrial production and the promotion of sectoral interdependence with industry playing an important integrative role.

III. ASSESSMENT OF THE PRESENT INDUSTRIAL STATE IN AFRICA AND THE IMPLEMENTATION OF THE IDDA

1. Overview of the present state of the manufacturing sector in Africa[1/]

19. Since the adoption of the Lagos Plan of Action, African countries have endeavoured to give to the manufacturing sector the necessary support so as to create the basis for achieving the targets of 1 per cent in 1985 at the end of the preparatory phase of IDDA, and 1.4 per cent of world industrial production by the year 1990, the end of the Decade. To achieve such an objective, the manufacturing sector should grow at a sustained rate throughout the 1980s.

1/ For more detail, see Survey of Economic and Social Conditions in Africa 1985-1986, chapter 2, Part II.

20. After the preparatory phase of the Decade, the eighth Conference of African Ministers of Industry provided the opportunity to review the development of the manufacturing sector. For Africa as a whole the manufacturing industry grew by only about 1 per cent per annum during the period 1982-1984 of the preparatory phase. However, there has been a substantial acceleration in 1985 and 1986 with growth rates of 4.6 per cent and 5.7 per cent respectively, thus resulting in an average annual growth of 2 per cent and 2.2 per cent for the periods 1982-1985 and 1982-1986 respectively. Overall Africa's share in world manufacturing output reached 0.9 per cent in 1985.

21. The above modest performance in the manufacturing sector in Africa during the preparatory phase was mainly due to the poor performance of West Africa and East and Southern Africa. It should be noted that these two subregions contain the largest number of most seriously drought-affected countries. However, except for these two subregions, the performance of the manufacturing sector in the other two subregions was higher than the overall economic performance, thus bringing about an increase in the share of this sector in total GDP, from 9.9 per cent to 11.5 per cent in North Africa and 7.5 per cent to 8.3 per cent in Central Africa, from 1982 to 1984. In the two subregions of West Africa and East and Southern Africa, the share of the manufacturing sector in total GDP decreased from 6.2 per cent to 5.8 per cent and from 12.6 per cent to 11.8 per cent respectively.

22. The unfavourable climatic conditions that negatively affected West Africa and East and Southern Africa during the preparatory phase of the Decade are not the only causes of the relatively poor performance of the manufacturing sector. Investment resources have also not been commensurate with the broad objectives of the LPDA. In most cases, the share of investment in the manufacturing industry in total investment has remained below 20 per cent. In addition to being inadequate, investment resources are mainly concentrated in light industries which are of import substitution type and which, in many cases, are heavily dependent on imported factor inputs and are important sources for draining foreign exchange resources. Instead, resource-based and engineering core industries have not always received adequate resources.

23. Employment creation was not also substantial during the preparatory phase. Many present industries (mainly import substitution or pre-processing export) are run by expatriate manpower. Thus, the contribution of manufacturing employment in total employment is below 20 per cent in most African countries. Labour-intensive small-scale industries are not given the necessary support they deserve.

24. Intra-African trade in manufacturing goods represented only 3.9 per cent of total trade of manufacturing products in 1985. On the other hand, 82.1 per cent of Africa's exports of industrial products (mostly pre-processed export products) were directed towards developed market economies.

25. The above brief account of various characteristics of the African industry clearly shows that the process of the complex changes that were called for in the IDDA programme is still to be pursued for Africa to build up an integrated industrial structure with strong linkages between branches and with other economic sectors. However, as it is explained thereafter, African countries and organizations, as well as ECA and other international organizations have, in spite of severe constraints, launched activities and programmes in the context of the preparatory phase of the Decade.

2. Analysis of types of IDDA activities by member States and African intergovernmental organizations

26. The main activities to be undertaken during the preparatory phase have been outlined in the previous chapter. Other specific activities include the establishment in each country of an Operational Focal Point (OFP) to act as a secretariat for the IDDA, the appointment of a local expert to assist the OFP to initiate action, the establishment of a National Co-ordinating Committee and Subregional Co-ordinating Committee, the organization of national and subregional workshops to popularize the Decade and reorient national industrialization policies to the requirements of the programme of the Decade.

27. Many African countries took steps during this phase as indicated in various reports to the Conference of African Ministers of Industry to establish National Co-ordinating Committees and Operational Focal Points while others organized national workshops, and incorporated principal ideas in the programme of the Decade in their national industrial development plans.

28. At the subregional level, the bulk of activities concerned the selection of subregional core projects. Subregional expert meetings organized by ECA, OAU and UNIDO were held in 1983 and 1984 for Central, Eastern and Southern, West and North African subregions to formulate subregional integrated industrial promotion programmes. Agreement was reached on the initial packages since revised in 1985 for the West and Central African subregions, of selected multinational industrial core projects for promotion including a plan of activities for implementing them.

29. The Eastern and Southern African subregion agreed on 18 core and 9 support projects, the West African subregion 35 core and 17 support projects, the Central African subregion 24 core and 13 support projects and North Africa 19 core and 8 support projects. The projects related (a) to food and agriculture including the provision of inputs such as fertilizers pesticides, agricultural implements and equipment, equipment for transportation the processing and storage of agricultural produce and food; (b) to power generating and transmission equipment; and (c) to iron and steel and copper. In all these efforts during the same period the process of industrialization was supported by the resources and activities of intergovernmental organizations at the subregional and regional levels through the assistance they provided to member States in strengthening the establishment of industrial institutional infrastructure, follow up activities for the implementation of the subregional integrated industrial promotion programmes, the reorientation of industrial strategies and policies, the organization of special expert committee meetings, the development of pilot and demonstration plants and so on.

30. Some of the organizations which provided the support referred to above are the following: PTA through its Committee on industrial co-operation and subcommittees on iron and steel and fertilizers, SADCC through its industrial co-ordination Unit, ECOWAS through its Commission on agriculture and industry and the division dealing with industrial matters, industrial activities of CEAO, the organization for the development of the Senegal River (OMVS), the Mano River Union (MRU), the Arab Industrial Development Organization (AIDO), the Economic Community of Central African States (ECCAS), the Economic Community of Great Lake Countries, and at the regional level, the African Regional Centre for Engineering Design and Manufacturing (ARCEDEM), the African Regional Centre for Technology (ARCT), the African Institute for Higher Technical Training and Research (AIHTTR), the African Regional Organization for Standardization (ARSO), and the Arab Organization for Standardization and Metrology (ASMO).

31. Because of certain shortcomings that are discussed later, the impact of these activities on industrial development of the self-sustaining and self-reliant type have not been optimal. Hence, a careful and indepth analysis of all these problems by member States themselves led to the adoption of Africa's Priority Programme for Economic Recovery (1986-1990) by the 21st summit of the OAU and the United Nations Programme of Action for African Economic Recovery and Development by the United Nations General Assembly last May. It therefore becomes obvious that during the implementation phase of the Decade the industrial priorities of APPER and UNPAAERD should be taken into account. In this connection, the rehabilitation and development of agro-related industries and transport and communications primarily to support agriculture have been accorded top priority in those programmes for recovery and development.

3. Analysis of types of IDDA Activities by ECA and other international organizations

32. As indicated earlier, ECA, OAU and UNIDO were called upon by United Nations General Assembly resolution 35/66B proclaiming the IDDA to formulate proposals to implement the programme, monitor its progress and assist member States develop their industrial capabilities. Other international organizations were to assist by providing technical assistance, conduct studies and training and in mobilizing financial resources for the implementation of the programme of the Decade. All organizations were required to the extent possible to realign relevant aspects of their work programmes to facilitate the provision of assistance to African countries in implementing the Decade programme.

33. Specifically, ECA, OAU, UNIDO were to provide assistance in the following areas, on request: (a) the preparation of guidelines for initiating priority actions at the national and subregional levels for the implementation of the preparatory phase of the programme of the Decade; (b) popularizing the Decade; (c) adopting the concept of core industries as well as preparing and implementing core industrial projects; (d) developing the manpower and technological capabilities required to implement the programme for the Decade and establish core industries; (e) mobilizing and optimizing both domestic and external resources; (f) organizing workshops and formulating detailed integrated industrial programmes including activities related to raw materials acquisition, entrepreneurial and other capabilities for implementing the realigned industrial plans with the framework of IDDA; (g) providing information required to facilitate multinational consultations and negotiations for co-operation and investment promotion in key industries; and

(viii) organization of technical/consultations, negotiations and investment promotion meetings and specific core subsectors, in collaboration with relevant inter-governmental and national organizations.

34. These activities were suggested and designed on the assumption that should African countries incorporate the concepts of the Decade in the national development plans and embark seriously on specific activities focusing on efforts to establish core engineering and resource-based industries with assistance of the type outlined above provided by ECA, OAU, and UNIDO and other international organizations, the foundations for self-reliant and self-sustaining industrialization will unequivocally be laid. Another implicit assumption was that for success to be achieved, any actions initiated should be followed through to the end if the desired impact effect is to be felt. African countries being the major actors, they should therefore be involved always in every stage of their own industrialization process otherwise the projects and programmes will become those of outsiders with no roots at the local level. In other words strong African political, financial and other types of commitment were required for success.

35. During the earlier years of the preparatory phase, and even beyond that phase, ECA, OAU and UNIDO jointly and individually undertook actions to assist member States in achieving the objectives of the Decade programme. Working proposals for the formulation and implementation of the programme for the Decade followed by a set of elaborated guidelines for priority actions during the preparatory phase were jointly prepared. Concrete efforts were made through the organization of meetings and the widespread dissemination of published material to increase general awareness of the Decade both within the region and outside.

36. Other activities which were undertaken during the preparatory phase included the readjustment of relevant aspects of work programmes of the secretariats and some other international organizations realigning them with the objectives of the Decade so as to facilitate the provision of assistance, the organization of national workshops the conduct of field missions in the chemical, engineering, metal and agro-based subsectors, as well as in small-scale industries, in order to ascertain the current status of development and identify project ideas for follow-up, provision of technical advisory services to member States and regional groupings for the formulation of sectoral policies, institution building, programming and planning multinational projects; conduct of several sectoral studies and distribution of reports on them; organization of several regional intergovernmental expert meetings; organization of investment promotion meetings and activities; substantive servicing of subregional meetings to identify multinational core projects, preparation of project profiles to promote identified projects and foster industrial co-operation for project implementation; substantive servicing of subregional meetings of sectoral experts of industry of various subregional IGOs; preparation of reports to UNIDO IV, other assistance to selected member States in the implementation of preparatory activities.

37. One activity in this gamut of activities needs special mention because it was an essential component of work programmes of ECA, OAU and UNIDO. This comprises the four integrated industrial promotion programmes adopted for Eastern and Southern, Northern, Central and West Africa in meetings held in late 1983 and 1984 and revised in 1985 for Central and West Africa. These programmes were aimed at promoting intra-African industrial co-operation within the framework of the Decade programme. They contain several core and support projects that were identified by African countries for multinational co-operation and endorsed by the ECA Conference of Ministers, the OAU Council of Ministers and the fourth General Conference of UNIDO. The projects were identified on the basis of the criteria laid down for selecting multinational/subregional industrial core projects. They were prepared by ECA, OAU and UNIDO, endorsed by member States and annexed for distribution to the guidelines referred to in paragraph 35 above. The selection was to be a continuous process, regardless of the stage of development of each project identified. The success of the programme to a large extent depended on actions taken at the national level and by the policies and operational mechanisms adopted by governments as outlined in various reports from the secretariats of ECA, OAU and UNIDO on the modalities for co-operation in the implementation of identified multinational projects.

38. It was also recognized by all concerned that during the implementation phase activities to be executed will build on those already undertaken during the preparatory phase and focus particularly on the creation of the identified core industries with special attention paid to developing the appropriate support institutional machinery, the raw material base, the required industrial manpower and technological capabilities and mobilization of requisite financial resources. In these efforts multinational industrial co-operation was to be given pride place.

39. Another activity which should be also mentioned relates to the efforts aimed at making operational the African Industrial Development Fund (AIDF), the establishment of which was approved by African Plenipotentiaries in 1979. The fund was designed especially to increase the ability of member States to raise the large financial resources needed for the implementation of the Decade programme and to assist in the organization of investment finance. The design and organization of the Fund was entrusted by the Conference of African Ministers of Industry to ECA, OAU and ADB.

40. However in Rwanda, in March 1983 the seventh meeting of the follow-up committee (of the whole) on Industrialization in Africa expressed dissatisfaction on the lack of progress made towards establishing the AIDF. Although the Fund has now been formally established, it has yet to be operational because the expected contributions from member States have not been forthcoming inspite of several appeals to them. At the eighth Conference of African ministers of Industry the African Development Bank which is the custodian of the Fund was requested by the Ministers to explore possibilities of mobilizing from multinational and bilateral resources as initial amount of $US 15 million to enable the Fund to become operational. However, member States must first show some commitment to this institution which they themselves created by providing adequate financial support for its operations. External donors will then be more predisposed to offer assistance.

41. Resumes necessary for the implementation of the above-mentioned activities were provided from a variety of sources. One such source was the allocation to UNIDO of $US 1 million from over all savings in the United Nations regular budget decided upon by the General Assembly in resolution 38/192 for assistance to African countries and intergovernmental organizations in the implementation of the Programme for the Decade. Again by its resolution 39/233, the same Assembly decided to make an annual allocation of $US 5 million to UNIDO from the regular budget. But this has since ceased when UNIDO was converted to a specialized agency of the United Nations.

42. ECA on the other hand had its activities funded through grants made by the African countries to the United Nations Trust Fund for African Development (UNTFAD) either to the general fund or for specific projects related to the development of basic industries. Some non-African donor countries have also made special extra-budgetary allocations.

43. Among African countries, Nigeria for example provided $US 362,550 for the development of metal, engineering and chemical industries; Ethiopia approximately $US 6,740 for development of its potash; Zaire approximately $US 30,000 for the rehabilitation of the Maluku Steel Mill; and other member States about $US 114,000. For the engineering development programme of Eastern and Southern African subregion, and for small-scale industries development in the continent as a whole; the Republic of India donated $US 350,000 for the former project and pledged $US 400,000 yet to be received for the latter. The Netherlands Government also provided $US 153,125 for the preparation and publication of a technical compendium on composite flours. As it may be seen, the support to the ECA programme for industrial development of Africa since the adoption has come almost entirely from extrabudgetary sources.

44. While the activities mounted by ECA and other international organizations during the preparatory phase of the Decade, programmes have proceeded as required along the lines described earlier, there still remains important activities that should have also been undertaken. These include, inter alia, provision of assistance to member States in the development of the multinational industries which have been identified in the subregional integrated industrial promotion programmes by providing relevant information on raw materials, process technology, manpower required, financial resources, organizing of related consultation and negotiation meetings among those concerned, to discuss and make decisions at different stages of project development; mobilizing resources, promoting investment, preparing and appraising specifications, bids and contracts, etc. It should also be emphasized that there is still need to step up efforts for raising the full awareness and consciousness of African Governments about the meaning and modalities for achieving the objectives of the IDDA programme through number of adequate national workshops.

4. Main constraints and shortcomings in the implementation of the IDDA programme

45. From the foregoing review of the activities of member States, African and international organizations, it appears that some encouraging progress has been made in the implementation of the Decade programme. However, some structural constraints still hamper the speedy realization of the basic objectives of the Decade. It is useful to briefly review them with a view to highlighting the necessary corrective measures.

(a) Persistence of inadequate industrial policies

46. The implementation of the IDDA was characterized by the persistence of industrial policies not conducive to a self-sustained industrial structure. Industrial policies, in many African countries, continue to be based on import substitution industries which, more often, are heavily dependent on such factors as foreign technology and expertise, and even on imported raw materials. Actually, the IDDA programme had called for the abandonment of such policy "since it perpetuates colonial consumption patterns and restricts benefits". As a result, the national markets of such industries are limited to fragments of urban populations, and they cannot therefore be operated profitably.

47. The above characteristics of African industries have two dramatic consequences. First, African industries are increasingly draining foreign exchange resources. The scarcity of the latter has forced many industries to operate at very low capacity or to close down. Secondly, as most of these industries are state-owned, their increasing inefficiency makes them largely dependent on subsidies. It is often suggested that privatization of state-owned substitution industries would transform them into profitable ones. Even if such an approach may bring about some relief to the public finance, it fails to address the issue of making these industries, as they operate, more contributing to the achievement of the main objective of the IDDA, i.e. the establishment of self sustained industrial structures.

48. Industrial policies in Africa are also characterized by the over-reliance of many countries on the pre-processing of raw materials for exports. These include, inter alia, crude oil, coffee, copper, phosphates, cotton, tobacco, ground nuts and iron ore. Although such activities are aimed at earning the necessary foreign exchange resources for development financing, they are increasingly used to service the growing external indebtedness of most African countries. Moreover, with the continuous decline in export commodity prices, Africa's export earnings dropped sharply since 1982 to about $US 53 billion in 1986, with corresponding trade and current account deficits of $US 6 billion and $US 20 billion respectively.

49. Not only the pre-processing export industries are no longer contributing to substantialy increase of Africa's export earnings but the meagre resources earned are, as stated above, increasingly used for servicing debt. Debt service ratio, as a percentage of exports, was, in 1986, over 30 per cent in more than 20 African countries while in 10 more countries it was over 50 per cent. Thus, the primary objective export-oriented industries is far from being achieved. In addition, these industries have very little contribution in terms of achieving a self-sustained industrial structure.

(b) The difficulties in multinational, subregional and regional co-operation

50. Most countries have, in principle, agreed to give priority to the promotion of multinational projects in strategic industrial subsectors, leading to the creation of multinational corporations. To that end as indicated earlier, sub-regional organizations such as ECOWAS, PTA and ECCAS have to play vital roles in the identification and preparation of such projects. However, they are not given the necessary political support from the member States. As a result, multinational projects are often left with the countries in which they should be executed. More often, the other interested countries expect immediate or short-term results as a condition for providing their concrete support. Hence, most of the projects are still at pre-feasibility or fesibility stages.

51. The same situation applies to regional projects which do not receive enough support from African countries. For example, all the ECA-sponsored industrial institutions such as the African Regional Centre for Engineering Design and Manufacturing (ARCEDEM), the African Regional Centre for Technology (ARCT) and the African Regional Standardization Organization (ARSO) are still heavily dependent on the UNDP regional fund, several years after their creation. Not only African countries do not contribute adequately to the budget of these institutions, but they also refrain from using their services and continue to depend on foreign assistance. Hence, without such support from African countries, the regional institutions cannot achieve the objectives for which they were established.

(c) Inadequate external support to the IDDA programme

52. As it results from the previous sections, a substantial part of the IDDA programme would have been implemented had adequate resources been provided, not only directly to African countries or to identified multinational projects, but also to ECA and other international organizations entrusted with the overall monitoring of the implementation of the IDDA at various levels. Unfortunately, the trend in financial assistance to African countries has been quite dismal during the preparatory phase.

53. For Africa as a whole, with 26 out of the 36 world least developed countries, Official Development Assistance increased only marginally from $US 8.3 billion in 1982 to $US 8.5 billion in 1984. The situation is even more dramatic in terms of total net resource flows, which dropped from $US 20.8 billion in 1982 to $US 14.3 billion in 1984. Actually, many African countries are net capital exporters. With such a trend in total net financial flows to Africa, it is clear that the prospects for the full implementation of the IDDA programme remain gloomy.

54. As indicated earlier, ECA like other organizations entrusted with the monitoring of implementation of the IDDA, had updated its 1982-1983 work programme and prepared those for 1984/85 and 1986/87 so as to assist member States both during the preparatory and the implementation phases. Unfortunately, the resources provided by the United Nations had never been of sufficient magnitude to enable ECA to implement fully its work programme for the IDDA. The large number of requests for assistance from member States is such that these resources are far from sufficient for field travel or consultancy services. For example, in 1986, the programme for industrial development in Africa was provided with only $US 10,000 for field missions to assist member States, and no consultancy resources. Efforts were made several times to the United Nations General Assembly to secure special allocations to ECA for the IDDA programme as it is done for the Transport and Communications Decade in Africa (UNTACDA). As mentioned in the previous sections, extrabudgetary resources have also been limited to few grants made either by ECA member States to the UNTFAD or by some donor countries. There was no allocation made from the UNDP regional programme during the third cycle 1985-1986.

IV. MEASURES FOR THE ACCELERATED IMPLEMENTATION OF THE IDDA

55. The above negative developments clearly show that the implementation of the IDDA programme has been seriously hampered by two categories of factors, namely the insufficient individual and collective commitment from African countries to the IDDA objectives and programmes and the lack of adequate financial support. These factors need to be addressed with a view to stepping up the implementation of the Decade. This is made even more imperative as almost two years have passed since the beginning of the implementation phase of the IDDA, while only few national and multinational projects have reached the stage of execution. Moreover, the role of the industrial sector was emphasized in both Africa's Priority Programme for Economic Recovery 1986-1990 of the OAU and the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.

1. Renewed commitment to the IDDA

(a) Industrial policies and programme

56. During the preparatory phase, many African countries have defined industrial master plans and established or strengthened institutions for industrial development. They have, in addition, prepared national development plans in which the industrial sectoral component put emphasis on (a) the development of resource-based and engineering core industries including food processing and textile industries; forest and wood industries; metal industries especially iron and steel and aluminium production; chemical and petro-chemical industries especially fertilizer industries, and building and engineering industries; (b) the manufacture of spare parts especially for agricultural machinery and transport equipment; and (c) the promotion of labour-intensive small-scale industries.

57. Given the present industrial structure in most African countries and the objectives stated above, the task confronting African countries is to transform the existing import substitution industries into a self-sustaining sector, and to go beyond pre-processing activities for export and develop manufacturing activities of a wide range of consumer, intermediate and capital goods. The following measures would greatly help in succeeding in the above task:

(a) The devising of raw materials development plans for industries that are presently too dependent on imported industrial raw materials;

(b) The establishment or strengthening of national capabilities for the maintenance of the equipment, for spare parts production, and for capital goods design and manufacturing;

(c) The increase in the share of industrial investment in total investment to at least 20 per cent;

(d) The development of manpower resources in such areas as business administration and management, industrial production and marketing;

(e) The reorientation of the present curricula in African universities and higher technical training institutions towards the development of resource-based and engineering core industries.

(b) Increased support to multinational, subregional and regional industrial programmes and activities

58. As explained earlier, except for North Africa, adequate structures exist for promoting multinational and subregional industrial co-operation, especially the establishment of multinational industrial corporations. It is therefore essential that intergovernmental organizations such as ECOWAS, PTA and ECCAS that are entrusted with such task, be given the necessary support from all member States particularly those economically more advanced. Such support is not only financial and technical but also political as it may imply greater autonomy for these organizations. Clear and specific calendars must be agreed upon for the implementation of the identified multinational or subregional projects. Also the interested countries must endeavour to attract resources from their respective development partners for the financing of multinational industrial projects. More often, bilateral and multilateral donors tend to give preference to national projects that compete with subregional ones for external resources.

59. African regional organizations must also play greater role in the implementation of the IDDA programme. To that end, greater use should be made of these organizations especially for technology development, engineering consultancy services, design and manufacturing and spare parts production. This will not only lessen the dependency on foreign factor inputs, but it will in addition strengthen the process of building a self-sustained industrial structure. It is also essential to put into operation, as early as possible, the African Industrial Development Fund. As indicated earlier even if the African Development Bank succeeds in raising the seed fund of $US 15 million as requested by the eighth Conference of African Ministers of Industry in resolution 2(viii), the AIDF will not be fully operational without the political and material support of African member States.

2. The required support of international community

60. From the forefoing, it is clear that concerted action is required by the international community to provide either direct assistance to African countries or through the organizations particularly ECA and UNIDO entrusted by the United Nations General Assembly in resolution 36/66 proclaiming the 1980s as the Industrial Development Decade for Africa with the task of supporting the efforts of African countries aimed at implementing the Decade programme without which the objectives of the programme will never be achieved nor the long-awaited African industrial revolution will not be realized. With African countries' renewed commitment mentioned above, and the support of the international community, it should be possible to develop the manpower and technological capabilities required to launch activities for self-reliant and self-sustained industrial development to formulate appropriate policies and programmes and design instruments for their implementation; to put in place the machinery required for the implementation of the subregional integrated promotion programmes and for the development of appropriate small-scale industries as well as the production of various forms of energy; and to develop skills for negotiation, installation, operation, maintenance, monitoring and management of national and multinational core industrial projects.

(a) Reversing the trend in resource flows to Africa

61. The declining trend of net capital flows to Africa should be urgently reversed. Such necessity will, of course, positively affect the whole development process of African countries. However, measures such as reducing the cost of technology transfer, increasing direct investment, investing or participating in equity holding where permissible, opening up markets for manufactured goods from Africa and facilitating trade in industrial commodities will not only contribute to increase net capital flows to Africa, but also to accelerate industrial growth.

62. The external debt burden of African countries is another perennial problem which needs to be addressed. As indicated earlier, the present levels of debt servicing ratios prevent most African countries to devote the necessary resources to development purposes even more so to the implementation of the Decade programme. Hence, comprehensive and far-reaching debt rescheduling or cancellation arrangements need to be urgently concluded by both ECA and the OAU. Donors should however contribute to the search for solutions and measures to bring about the alleviation of these external debt burden problems of African countries.

(b) Adequate resources to support IDDA promotional activities

63. As explained earlier, the activities of ECA, OAU and UNIDO covered a wide range of subject areas. However, many of them were not taken to their logical conclusion because of the inadequacy of resources available to the organizations. This situation has consequently affected the effectiveness with which African countries and intergovernmental organizations which expected support from ECA, OAU and UNIDO could carry out the tasks assigned and required for the implementation of the Decade programme. Indeed, not only should adequate resources be made available to African countries to implement, inter alia, the identified national and multinational core industrial projects, but international organizations entrusted with overall monitoring of Decade activities should also be provided with necessary resources to promote national, subregional and regional IDDA activities.

64. At the national level, ECA's programme of assistance to African countries in the formulation of national policies in line with the objectives of the programme of the IDDA or in the restructuring of the industrial sector could not be extended to the entire region for lack of resources. The same condition applies to ECA's activities in the promotion of individual national as well as multinational projects. ECA's contribution to the work of African intergovernmental organizations was also not commensurate to the needs of the latter either in terms of reflecting the importance attached to the IDDA programme or for assistance in promoting the establishment of multinational industrial enterprises.

65. It is therefore essential, as it has been for the United Nations Transport and Communications Decade in Africa, for the ECA secretariat to be provided by the United nations General Assembly with an annual allocation of at least $US 1 million for carrying out the remaining activities required in support of the programme for the Industrial Development Decade for Africa. This is even more imperative with the adoption of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 in which industry has to play a vital supporting role to agriculture.

66. In addition to the above resources, extrabudgetary resources could also be provided to ECA under the fourth UNDP Regional Programming cycle 1987-1991 or from bilateral resources for the same purpose. In this regard it is encouraging to note that UNDP has earmarked $US 5 million for activities to be carried out jointly by ECA and UNIDO in the framework of the Joint ECA/UNIDO Industry Division of ECA. As requested by UNDP, the activities to be funded should relate to (a) the rehabilitation of existing industries in a multinational or subregional context; and (b) the promotion of multinational enterprises in basic industries. It is also expected that other donor countries will join India and the Netherlands in providing extrabudgetary resources for the activities in support of the IDDA Programme.

V. CONCLUSION

67. Five years after the launching of the IDDA, Africa's industrial sector continues to suffer from a fundamental structural crisis namely its dependence on imported equipment, inputs and raw materials, and its concentration on consumer goods industries. With the escalating economic crisis that engulped the whole continent since the adoption of the Lagos Plan of Action, there has been a fast-decreasing industrial output with high rates of capacity under utilization. As a consequence, the contribution of Africa's industrial sector to gross domestic product is still modest and Africa's share in world industrial production is no more than one per cent.

68. In spite of the above disheartening feature, substantial progress was achieved in many countries in the elaboration of national industrial master plans based on the objectives of the IDDA. Institutional structures in the field of industry have also been established or strengthened, especially for the development of indigenous technological and industrial capabilities. A number of projects in basic industries have also been identified at national, multinational and sub-regional levels based on the natural resources endowment of various countries, and taking into account the need to develop the other necessary factor inputs.

69. The preparatory phase of the IDDA (1982-1984) has therefore witnessed substantial achievement. However, there has been increasing constraints and shortcomings originating from within Africa as well as from the international environment. Industrial policies and structures not conducive to a self-reliant and self-sustaining industrialization process are still prevailing in many African countries. Moreover, there has not been adequate political commitment to IDDA objectives, especially with respect to multinational, subregional and regional industrial co-operation.

70. Another major impediment during the preparatory phase of the IDDA was the inadequacy of resources. The industrial sector, more than other sectors, has been severely affected by the declining trend in net capital transfer to African countries. Also, the institutions in charge of the following up of the IDDA through provision of assistance to member States and African intergovernmental or governmental organizations, particularly ECA, have not received the resources required to carry out their activities. As a result, industrial investment from both domestic and external sources has not reached the level commensurate with the importance of the sector. Moreover, important activities remain to be undertaken by ECA and UNIDO in the context of the IDDA, especially in promoting multinational projects.

71. The IDDA has therefore provided the opportunity to launch the industrialization process in Africa, that is, conform to objectives of the Lagos Plan of Action. To accelerate this process, the eighth Conference of African Ministers of Industry, in resolution 1(viii), recommended the proclamation of a second IDDA. This proposal is still to be considered in the framework of the Economic and Social Council and the United Nations General Assembly.